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C O N F I D E N T I A L PORT MORESBY 000369

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E.O. 12958: DECL: 9/6/2016  
TAGS: [EFIN](#) [PREL](#) [NH](#)  
SUBJECT: VANUATU - POSSIBLE FATF CONCERNS

REF: PORT MORESBY 364

CLASSIFIED BY: Robert Fitts, Ambassador, U.S. Embassy Port  
Moresby, Department of State.  
REASON: 1.4 (d)

1.(C) The Vanuatu Minister of Lands recently signed an MOU with an obscure group of American investors to consider establishing a free port with an autonomous government. This closely parallels a 1980 attempt by the Phoenix Foundation which was only ended by bringing in PNG troops (ref A). The 1980 version would have had the powers to issue currency, passports, and was supposed to have featured untaxed and unregulated free flow of capital.

2.(C) Ambassador learned Sept 6 from the Vanuatu Deputy Prime Minister that many of the same American figures are behind the current effort. The DPM also noted that the Finance Minister had supported the motion in Cabinet. More responsible ministers, including the DPM, are trying to shut down the proposal as contrary to current Vanuatu law.

3.(C) Vanuatu Finance Minister Willie Jimmy and Reserve Bank Governor Odo Tevi will attend the upcoming Bank/Fund meetings in Singapore. USDEL may wish to raise with them the possible FATF implications of any such move. NOTE: Tevi is a more reasonable and thoughtful interlocutor and would best be approached first.

FITTS